



MEMORANDUM TO ENERGY EFFICIENCY ADVISORY COUNCIL

Program Administrator Guide to Updates to the September 14, 2019-2021 Draft Plan

October 19, 2018

The Program Administrators are grateful for the effort the Councilors and Council's consultants have invested in providing review and input during the development of the Program Administrators' 2019-2021 Energy Efficiency Plan, including the provision of the *EEAC Resolution Concerning Priorities' for Development, Implementation, and Evaluation of the 2019-2021 Three-Year Energy Efficiency Plan February 28, 2018* ("February Resolution") and the second resolution, *Massachusetts Energy Efficiency Advisory Council Resolution Regarding the April 30th Draft of the 2019-2021 Three Year Energy Efficiency Plan, July 31, 2018* ("July Resolution"). The Program Administrators also appreciate the suggestions made by public commenters over the last several months, and have incorporated this input into the Plan.

The Program Administrators have carefully considered and addressed each priority identified in the Council Resolutions and, as requested, included additional detail in the September 14th Draft Plan addressing areas in which the July Resolution requested additional detail.¹ The Program Administrators appreciate the positive response from multiple councilors, and in particular, the shared sentiment that the September 14th Draft Plan demonstrated that Program Administrators listened carefully and responded to the Council's program design comments.

During the September 27, 2018 Council meeting, certain Councilors and public commenters shared some additional questions and feedback regarding the 2019-2021 Three-Year Plan. In addition, the Program Administrators continued to work collaboratively with the Councilors, the Council's consultants, and stakeholders to discuss specific aspects of the Plan. On October 19, 2018, the Program Administrators, the Department of Energy Resources, and the Attorney General reached agreement on high-level statewide savings and benefit goals, target budgets, and certain terms for the 2019-2021 Three-Year Plan.

This memorandum offers brief guidance on specific issues that were raised during public comment, and issues that have continued to be the subject of discussion since the September 14th Draft Plan. The memorandum also highlights revisions and new commitments that the Program Administrators will incorporate into the Final Plan filed with the Department on October 31, 2018.

As with previous Plans, the Program Administrators retain the ability to continue to innovate and adjust program strategies to respond to the dynamic market. The Three-Year Plan provides the

¹ The Program Administrators directly addressed the February recommendations in the April Draft Plan and provided the council with a detailed narrative response addressing each Council priority in *EEAC Program Administrator Response to the Massachusetts Energy Efficiency Advisory Council Strategic Recommendations for 2019-2021 Plan May 30, 2018*.



Program Administrators with reasonable flexibility to leverage and implement new ideas, technologies, approaches, and strategies that are cost-effective during the course of the Plan Term without the need for Department review and approval, subject to the requirements for mid-term modifications for certain material changes. The Program Administrators will continue to collaborate with stakeholders during the Plan Term to explore new and innovative solutions and strategies.

The Program Administrators look forward to finalizing and filing an aggressive and innovative Plan for 2019-2021 that reflects the Council input and that continues Massachusetts' leadership in energy efficiency, as our efforts build on past success and also pivot to embrace new opportunities.

Updates and Clarifications for the 2019-2021 Three-Year Plan

Special Attention to Customers with Language Barriers

The Program Administrators appreciated the public comment regarding French and French Creole as languages spoken in many communities throughout Massachusetts, and are fully committed to ensuring all customers have optimized paths that allow them to take advantage of Mass Save® offers. Program Administrators are currently reviewing the customer journey from beginning to end for non-English speakers to identify existing gaps and will be engaging with industry experts to support this effort. The Program Administrators' commitment to this process is explicit in the Plan and such review will be completed by July 31, 2019.

Currently the language options available on the Mass Save website and Mass Save residential telephone number include Spanish, Portuguese, and English. For additional languages, including but not limited to French and French-based Creole, Program Administrators will provide additional paths by working with industry experts to implement a best-in-class optimized experience that ensures customers are able to communicate in their preferred language. Program Administrators are seeking to close any language-based communication gaps throughout the customer experience. The PAs will optimize this journey by providing more consistent language services via the Mass Save® phone line and in follow-up communications for those customers who indicated that English is not their primary language. The PAs will also offer additional translated program materials in the most commonly spoken languages across Massachusetts. Enhancements described in the 2019-2021 plan will be implemented by September 2019.

Increased Target Marketing and Partnerships with Communities

The Program Administrators have continued to have conversations with stakeholders regarding development of a statewide municipal and community partnership strategy ("Partnership Strategy") to target communities identified as having lower program participation. Based on the positive response to the Program Administrators' proposal and direction, the Program Administrators are updating the language in the Plan to remove the word "exploring" related to

the development of a Municipal and Community Partnership Strategy to reflect our firm commitment to pursuing this model. Program Administrators have also added the word “statewide” to clarify the landscape of this strategy. Additional language is also added to the Statewide Marketing section of the plan to reflect the increased target marketing related to communities.

The Program Administrators will collaborate with various stakeholders to gain feedback on the design strategy and anticipate a launch (with enrolled partners) between the third and fourth quarters of 2019. The Program Administrators will continue to work with stakeholders as the Partnership Strategy is developed and have committed to participate at the upcoming February 2019 meeting of the Massachusetts Association of Regional Planning Agencies. Lastly as noted within the “Reporting to the Council” section below, the PAs have committed to bi-annual reporting of the number of participants (excluding upstream and behavior) by zip code broken out by: (a) residential sector initiatives subtracting moderate income offering participants; (b) moderate income offering; and (c) low-income initiatives which will enable each participating municipality the ability to track progress of this new strategy.

Continued Multi-family and Small Business Data

Councilors and the Council’s consultants expressed some confusion regarding whether the more aligned and streamlined program initiatives meant that multi-family and small business data would no longer be available. Multi-family and small business turnkey data is and will remain available in the 2019-2021 Plan term, even without separate core initiative lines in the data tables, in the BCR models and through other reporting. The Program Administrators will report on small business, not just turnkey, participation bi-annually in the quarterly reports and will deliver a presentation to the Council annually on the Residential Coordinate Delivery (“RCD”) initiative.

The Residential Coordinated Delivery initiative offers greater granularity in reporting through the BCR model than the previous HES and Multi-Family initiatives. Under RCD, 2-4-unit multi-family properties previously categorized as “single family” will be more clearly approached as multi-unit properties and additional go-to-market pathways will be put in place for the larger multi-units with both commercial and residential meters. These implementation strategies detailed in the Plan allow for more customized, highly integrated, comprehensive energy efficiency services tailored to each customer. The goal is to deliver a seamless experience and to maximize energy savings opportunities for every customer, regardless of unit type or ownership structure. By focusing the delivery of services on building science, opportunity, customer choice, and what each customer has the authority to implement, the new design aims to put customers in control of their energy future and minimize the number of possible customer confusion points along the way.

Participation in the small business turnkey pathway will continue to be tracked and PAs will report on small business across all C&I initiatives biannually. The small business turnkey pathway is only one path for small businesses’ participation in the C&I offerings. In addition to the turnkey approach, the Program Administrators work with the distributor channel to influence and promote

high efficiency products and technologies at the point of purchase, where customers (or contractors doing work for customers) can essentially self-serve – this is generally called the upstream or midstream delivery model. Small business customers are eligible and do participate in all Program Administrator retrofit and replace-on-failure offerings for specific measures, as long as the equipment meets the eligibility requirements. Small Business customers are also eligible for, and regularly participate in, the tailored approaches offered to specific segments. Maintaining an array of approaches allows the Program Administrators to deliver efficient solutions to the tens of thousands of smaller customers in the Commonwealth, solutions that effectively respond to the customer’s unique circumstances and preferred engagement model.

Fuel Neutral Service and Strategic Electrification Generally

Councilors and public commenters asked whether the Program Administrators will be promoting oil to gas conversions and offering incentives designed to encourage such conversions. As discussed on pages 54-55 and 105-106 of the September 14th Draft Plan, under the Program Administrators Energy Optimization approach for heating systems, the Program Administrators will provide fuel neutral education to customers regarding cost-effective high efficiency heating options. The Program Administrators will provide information that allows customers to compare the installed costs, operating costs, and environmental impact of their primary heating fuel with other available options. For example, oil or propane customers will be provided with information about the installed cost, cost/energy savings, and environmental benefits of converting from a standard efficiency oil or propane system to a high efficiency oil, propane, electric, or gas system. The Program Administrators will not recommend one fuel over another, but will arm customers with the information to make an informed decision.

The Program Administrators will provide an incentive to encourage adoption of high efficiency equipment based on the customer’s preferred heating system. As stated in the Draft Plan, the Program Administrators will not provide a separate or special incentive for heating system conversions with a limited exception. The Act to Advance Clean Energy, Acts of 2018 c. 227, amended the Green Communities Act to specifically allow the Program Administrators to promote strategic electrification and switching to renewable energy and clean energy technologies. Accordingly, the Program Administrators may offer incentives for strategic electrification that reduces greenhouse gases and minimizes ratepayer costs, and switching to renewable or clean energy technologies, including wood pellet heating where cost-effective. These separate or special conversion incentives are not available for conversions to natural gas heating. In order to clarify this point, the Program Administrators will include language in the Final Plan that specifies that customers converting to natural gas will only be eligible for the same incentives for high efficiency gas equipment as an existing gas customer; the incentive level will not differ depending on a customer’s initial fuel source. Further, the PAs will not claim any savings associated with reducing a customer’s former fuel source in the event the customer converts to natural gas.

C&I Strategic Electrification

While much of the discussion regarding strategic electrification has centered on residential customers, strategic electrification is also available for the C&I sector. The September 14th Draft Plan addresses C&I strategic electrification on pages 105-106, and the Program Administrators have committed to targets for the installation of C&I cold-climate air source heat pumps that will be included in the October 31 Final Plan. Based upon their specific circumstances and goals, C&I customers have the ability to choose heating, water heating, and cooling equipment, and the fuel (electricity, oil, propane, or natural gas) that will operate that equipment. The Program Administrators will drive awareness through existing marketing channels, education of customers, trade ally direct outreach, and trade shows in order to encourage customers to convert from inefficient electric baseboard or standard heat pumps, oil, and propane systems to cold climate heat pumps or highly efficiency natural gas systems. The Program Administrators will provide an incentive to encourage adoption of high efficiency equipment through various customer participation pathways and touchpoints. As noted above, the Program Administrators will not provide a separate or special energy efficiency incentive for heating system conversions, unless for strategic electrification (or to renewable or clean energy technologies, such as wood pellet heating) that are cost-effective, reduce greenhouse gasses, and minimize ratepayer costs.

The Program Administrators plan to provide customers with general information regarding the types of equipment available in the market so that they can make the best informed decisions for their businesses. In providing this information, the Program Administrators will show customers the savings that can be achieved in terms of CO₂e, MMBtus, gallons of fuel, kWhs and dollars. Along with installed costs and incentives to buy down these costs, customers can then perform their own economic analysis (payback, life cycle cost, etc.) or utilize the Program Administrators' pro forma tool in order to determine if the investment in converting their heating system is worthwhile.

In order for this to be accomplished, each project needs to be analyzed/modelled on a custom basis, which includes hours of operation, internal heat gain, cooling needs, and information about the building envelope (*i.e.*, a heat load/cooling load calculation). Prescriptive offerings may be warranted in future years if patterns of usage, savings, and equipment sizing can be established. For example, small to medium restaurants have patterns based on required heat load (MMBtus) on a square footage basis. This will affect decision-making for that customer.

Winter Demand Savings

The Final Plan will target savings to drive down winter electric demand by 500 MW. The Program Administrators will introduce new winter active demand offerings. The Program Administrators will also conduct a study to be commenced in Q1 of 2019 to quantify any benefits associated with winter peak capacity reduction. The PAs will issue an RFP and conduct this study in collaboration with the DOER, the Attorney General and the Council consultants. Study results will be aligned

and compatible with the 2018 AESC. If new benefits are identified as a result of this study, the Program Administrators will apply those benefits to reported values.

Fuel Cell Technology

Fuel cell technology, when cost-effective, is a technology that can be considered in energy efficiency projects on a case-by-case customer/situation-specific basis, where the application meets all other program requirements including project cost-effectiveness. The Program Administrators will include language in the Final Plan to clarify the eligibility of fuel cell technologies on a case-by-case basis.

Streetlight Outreach

The Plan has a substantial section detailing efforts to work with municipalities. This language specifically commits the Program Administrators to continue to support all municipalities in an effort to facilitate the conversion of customer- and utility-owned streetlights. The Program Administrators provide incentives and expertise to assist municipalities to take the steps necessary to convert customer-owned and utility-owned streetlights.

During the Plan Term, the Program Administrators are committed to contacting each municipality within their respective service territories that has not completed conversions of streetlights and educate the municipality about the Program Administrators' LED conversion offerings. Streetlight information will be included in the “*Educational Webinar for Municipalities*” strategic enhancement detailed in the Plan. The Program Administrators are committed to working with Regional Planning Entities to provide a participatory webinar targeted to municipalities that walks through the Program Administrators' offerings and clarifies the pathways and resources available to support municipalities working to reduce their energy usage. The webinar outreach strategy is in addition to the direct outreach to all municipalities described above.

Updated Timeline for “Strategic Enhancement - Expedited Paths to HVAC Optimization including Operations & Maintenance Savings and Retro-Commissioning”

In response to comments regarding the “Strategic Enhancement - Expedited Paths to HVAC Optimization including Operations & Maintenance Savings and Retro-Commissioning,” the Program Administrators have advanced the commitment to implement an O&M prescriptive pathway and a streamlined deeper retro-commissioning offering. The Plan will include an updated implementation timeframe, committing to both efforts in the second quarter of 2019. The dates in the September 14th Draft Plan were the third quarter of 2019 for O&M prescriptive pathways and completed design for a streamlined deeper retro-commissioning offering in 2021, but will be amended to reflect the commitment to advance this timeline.

Clarification on Income Eligible Work with Community Based Organizations and Addition of Evaluation of Electronic Audit Tool.

To clarify the extensive work LEAN and the CAP agencies do to engage income eligible customers, the initiative description is being updated to include “LEAN and the CAP Agencies fully engage with Community Based Organizations as part of their marketing strategy.”

In addition, the Plan is being updated to reflect that the Program Administrators and LEAN will be evaluating deployment of U.S. Department of Energy-approved electronic audit tools. This is consistent with the Program Administrators’ and LEAN’s strategic focus on simplifying customer participation while using the most advanced systems to deliver services efficiently.

Follow up on Moderate Income Demonstration.

The Program Administrators commit to meeting with LEAN upon the conclusion of the ongoing moderate income demonstration to review lessons learned and possible ways to enhance efforts in this important customer sector.

Performance Incentive Mechanism will include Active Demand and Renter components.

The Council has strongly indicated their preference for the Program Administrators to include specific performance incentives for active demand and service of renters in the proposed performance incentive mechanism. As part of a comprehensive agreement on savings, budgets, performance incentives, and other terms with the Attorney General and DOER, the Program Administrators have agreed to include these components as part of the performance incentive mechanism. These components will be designed consistent with the Department of Public Utilities precedent and included in the Final Plan filed with the Department on October 31, 2018.

Residential Scorecards.

The Program Administrators will implement residential scorecards as part of the in-home audit in coordination with DOER. The budgets and design for this innovative new effort to be undertaken in accordance with the RCS State Plan section 2.B.1. issued by DOER in September 2018 pursuant to the Residential Conservation Services statute (G.L. c. 164, App. §§ 2-1 to 2-10) have not yet been developed, and will be collaboratively worked on by the PAs and DOER. The target date for the roll-out of this scorecard effort is July 2019.

Passive House.

Working with DOER, the Program Administrators clarified their innovative Passive House approach, which will be described fully in the Final Plan. In particular, the PAs will implement a new Passive House offering in 2019-2021 through both training efforts and new incentive

offerings. These offerings will include incentives to mitigate soft costs to help provide financial certainty early in projects, including an early modeling subsidy, design team incentives, design charrette incentives, and a certification subsidy. Additionally, the PAs will provide a performance incentive calculated on a \$/kWh and \$/therm incentive for savings. The PAs are actively working on improving the incentives for infiltration for High Rise buildings to better quantify performance savings. The PAs and DOER are committed to changing the process by which savings are claimed to be a more whole building performance based approach for the Passive House offer. The PAs and DOER will work expeditiously with EM&V to pursue this change using Passive House certification modeling tools to quantify savings. The PAs will provide an annual update in the quarterly reports and will have launched the Passive House incentives no later than July 1, 2019.

Special Reporting to the Council.

In the July Resolution, the Council expressed a strong desire for additional data reporting on certain targeted aspects of the programs. The Program Administrators reviewed the suggested key performance indicators and reporting requests, and previously provided feedback to the Council on the ability and costs associated with reporting on each requested data point. After additional collaboration with the Councilors and Council's consultants, for 2019-2021, the Program Administrators have agreed to include the following additional information bi-annually in quarterly reports:

- Active demand participation by approach (including without limitation, storage, residential direct load control, and C&I curtailment), by sector, and by season
- Number of heat pump installations, including specifying the number of heat pumps related to fuel switching
- Number of approved applicants within the moderate income offering
- Number of approved applicants within the moderate income offering that result in weatherization jobs
- Number of participants (excluding upstream and behavior) by zip code broken out by: (a) residential sector initiatives subtracting moderate income offering participants; (b) moderate income offering; and (c) low-income initiatives
- Small business savings, budgets, and participation across all C&I initiatives
- Streetlight conversions

Annually, the Program Administrators will provide an update in the quarterly reports on the new Passive House offer. The Program Administrators will also report in quarterly reports on up to six (6) additional key performance indicators (not including any specified above) as mutually agreed upon by the PAs and by the Council, and as can be reported without material associated costs.

The Council has also expressed a keen interest in the implementation of the new residential program design. During the 2019-2021 Plan term, the Program Administrators will present annually to the Council on the status of the roll-out of the residential program design enhancements set forth in the Plan. In September 2019, the Program Administrators will present to the Council on new enhancements planned for 2020 and 2021.

The Program Administrators appreciate the work of all members of the Council, Council's consultant team, DOER, Attorney General, and other stakeholders who have been actively involved in the planning of the 2019-2021 Plan. The Program Administrators have worked hard to address comments and areas of interest raised by many parties, and look forward to support from such parties for energy efficiency in the upcoming term.